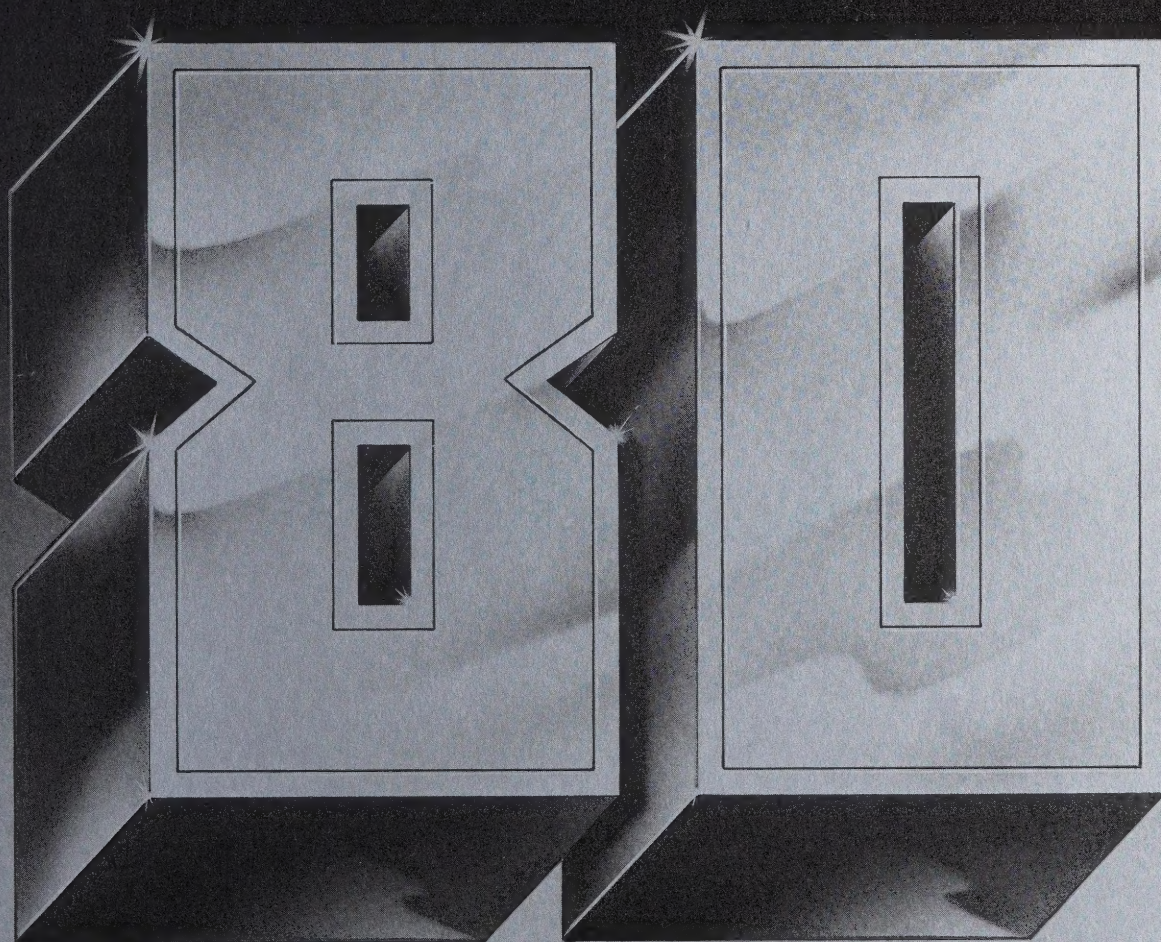


AR12



**INTERMETCO LIMITED
ANNUAL REPORT
1980**



Directors and Officers

Frank P. Goldblatt
Director and Chairman, Hamilton

Morley B. Goldblatt
Director and Vice-President,
Hamilton

Marvin E. Goldblatt
Director and President, Hamilton

Abby M. Goldblatt
Director and Executive
Vice-President, Hamilton

Cyrl H. Hollingshead, Q.C.
Director, Barrister and Solicitor,
Toronto

Gerald O. Loach, P.Eng.
Director, Business Executive,
Toronto

Albert A. Takefman
Director, Real Estate Broker,
Hamilton

C. Claude Brannan
Director-Emeritus
Retired Business Executive,
Burlington

Harry Bowler, C.A., A.C.I.S.
Vice-President
Finance, Hamilton

Harry K. Brown
Vice-President, Toronto

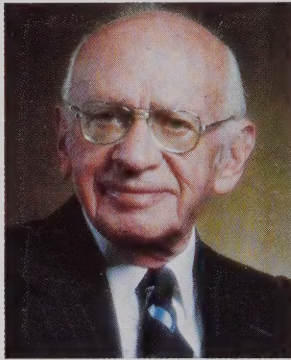
Gregory F. Carter
Director of Corporate Planning,
Oakville

Robert Moser, C.A.
Treasurer, Georgetown

John J. Stortz, C.A.
Secretary, Assistant to President,
Burlington



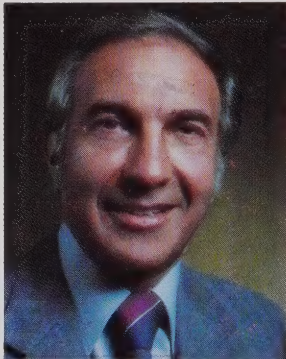
Frank P. Goldblatt



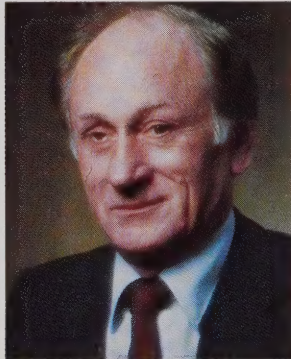
Morley B. Goldblatt



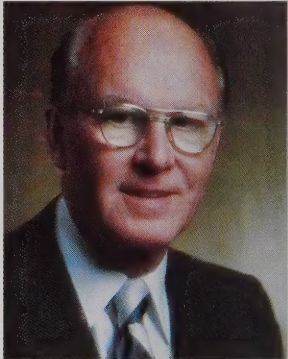
Marvin E. Goldblatt



Abby M. Goldblatt



Cyrl H. Hollingshead, Q.C.



Gerald O. Loach, P.Eng.



Albert A. Takefman



C. Claude Brannan

Financial Highlights

(in thousands of dollars except per share statistics)

	1980	1979
Sales	\$206,455	\$195,205
Net Earnings Before Extraordinary Gain	\$ 1,212	\$ 4,196
Net Earnings Per Share Before Extraordinary Gain	\$ 0.78	\$ 2.74
Net Earnings	\$ 1,212	\$ 4,944
Net Earnings Per Share	\$ 0.78	\$ 3.23
Cash Flow From Operations	\$ 4,226	\$ 7,171
Cash Flow From Operations Per Share	\$ 2.72	\$ 4.65
Working Capital	\$ 14,734	\$ 14,689

Miscellaneous Corporate Information

Registrar & Transfer Agent:
The Royal Trust Company, Toronto
Auditors:
Coopers & Lybrand
Stock Exchange Listing:
Toronto Stock Exchange

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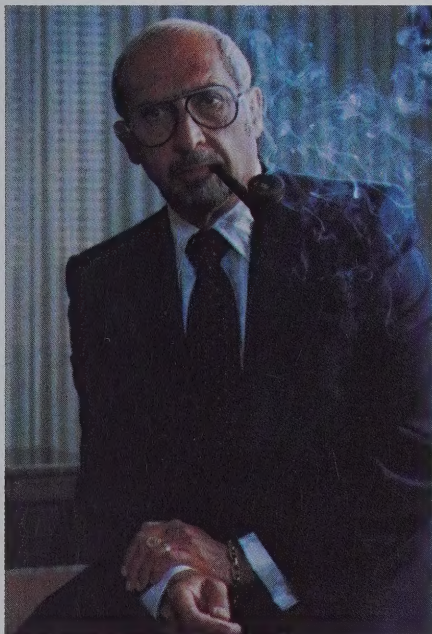
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Annual Meeting

The annual meeting of shareholders of Intermetco Limited will be held in the Pavilion A Room at the Holiday Inn, 150 King Street East, Hamilton, Ontario on Tuesday, the 31st day of March, 1981 at 4:00 p.m. E.S.T.



President's Message



In 1980 we experienced a marked decline in profits—a reflection of the general North American economy. Earnings from operations in 1980 were \$.78 a share, compared to \$2.74 a share in the previous year. These lower earnings resulted from the direct impact on our largest operating division, Metals Products, of the lower level of activity in the automotive, agricultural, and construction industries.

The decision made some years ago to diversify our business base has proven its worth. The Food Division is now our second largest operating division and we will continue to seek opportunities which will provide additional countercyclical strength to our company.

Consolidated sales increased to \$206,455,000 from \$195,205,000 in 1979. Net earnings this year amounted to \$1,212,000, compared with record earnings of \$4,944,000 (including an extraordinary gain of \$748,000) in the prior year. Capital expenditures were \$7,861,000 in 1980, against \$8,339,000 in 1979. Dividends paid in 1980 and in 1979 were 60¢ per share.

The Metals Products Division will be improved in 1981 through a joint venture agreement with Lake Ontario Steel Company Limited at our recycling facility in Buffalo. This joint venture will be mutually beneficial as it will provide the customer with an assured source of a supply of raw material while providing us with a steady outlet for our products.

During 1980, this division undertook a major plant addition located at the harbour front in Toronto. This new facility, which will process both ferrous and non-ferrous metals, will be fully operational in 1981.

As economic conditions improve and demand increases, Intermetco will reap the benefit of this investment.

The tubular and structural section of the Metals Products Division continued to improve our position in the United States' market, as evidenced by the new venture in Spokane, Washington, where we will be serving the northwestern United States' oil and gas industries. We shall continue to look for new opportunities to expand our activities in tubular and structural products in other areas of this market.

The Food Division continued its upward trend in sales and profits. Both David Ashley And Company Limited in Canada, and C. & J. Willenborg, Inc. in the United States, are increasing their distribution and market penetration with their internationally known lines of specialty and ethnic foods and beverages. In 1981 it is anticipated that David Ashley will complete an acquisition of an import food company which will be incorporated into a new distribution centre in Burnaby, British Columbia. Krispak Limited increased its sales volume, as did Western Bird's Hill Creamery Limited. In 1981 Krispak will acquire additional blanching and roasting equipment which will improve our processing capabilities and provide a custom processing service for other snack food companies.

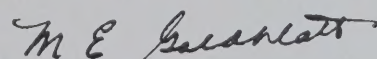
In all of these sectors, an increased emphasis is being placed on marketing planning, which will support further growth and improve profits.

The Commercial Refrigeration Division contributed to the sales growth and profitability of our company. The expanded manufacturing and warehousing capability has improved production efficiency. The profit on the increased sales volume was offset to a large extent by the higher fixed costs resulting from the expansion program. As sales continue to grow, and new market opportunities are developed, we expect better performance from this division.

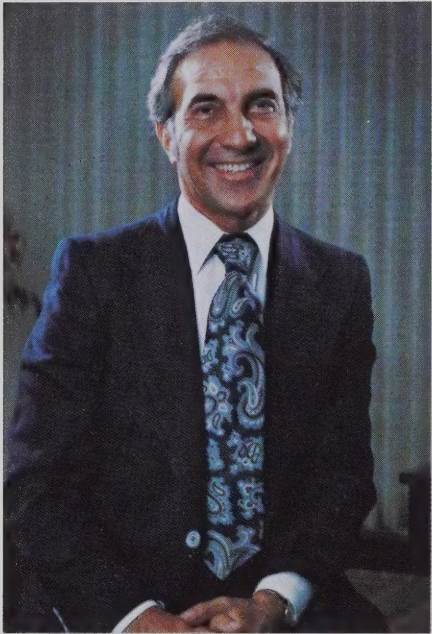
The outlook for 1981 is clouded by many uncertainties which affect business confidence. In an atmosphere of reduced activity, high inflation and high interest rates, it is difficult to be optimistic. Our contract arrangements with major steel mills will be an important factor in stabilizing our earnings. With continued emphasis on reducing costs, we are confident of dealing effectively with the short-term problems. Overall, we feel that we have laid the foundation for the continued progress of our company.

I wish to record my deep appreciation for the maximum effort given by all of our employees in what was certainly a difficult year.

I cannot close these remarks without reference to Mr. Douglas L. Warner, C.A., who, at the time of his sudden death, was our Chief Financial Officer. Doug worked closely with me over the years as a dedicated member of our management team. His death was not only a loss to the company but also a personal loss to me.



M. E. Goldblatt
President



In the following pages, you will gain a further insight into the operations of Intermetco Limited. Our main operating division is Metals Products, but the scope of our diversified operations, as you will note in the comments on each of our divisions, strengthens our company and provides additional avenues for growth in sales and profits.

A. M. Goldblatt

A. M. Goldblatt
Executive Vice-President

Recycling Products Group

With 12 strategically located processing plants in Canada and the United States, we are able to effectively service the North American and international markets.

The profit margin of this sector of the Metals Products Division was reduced by the sagging business activity in the industries we serve, together with the high interest rates, which increased inventory carrying costs. This sector did not operate on a profitable basis, but we did maintain our market share in both ferrous and non-ferrous recycled products.

We enhanced our processing capability with the new Toronto Harbour facility, which will become fully operational by mid 1981. This facility, with its ready access to various transportation modes, is, we believe, an outstanding example in North

America of a modern metals recycling plant. The processing capability of our Hamilton plant was also improved, as a new shearing operation came on stream during the past year. Although currently these expenditures have created an additional cost burden, with improved business demand they will contribute significantly to future profits.

We believe that we have positioned our company to further increase our market penetration of recycled materials. With continuing emphasis on energy and resource conservation, the use of recycled metals in steelmaking is expected to grow.



The ferrous and non-ferrous metals recycling facility on the harbour front in Toronto, Ontario



The new Harris hydraulic shearing operation in Hamilton, Ontario

Tubular and Structural Products Group

This sector of the Metals Products Division, Cappco Tubular Products, markets prime structural steel pipe, pipe and steel sheet piling. Together with secondary tubing, these products are sold domestically and internationally.

We are currently undertaking an expansion program in this sector of the division. This encompasses a new sheet piling product, the purchase of a minority interest in a Spokane, Washington company to service the northwestern United States' oil and gas industry, and the development of a fifteen acre site in Smithville, Ontario to accommodate our expanded yard operations.

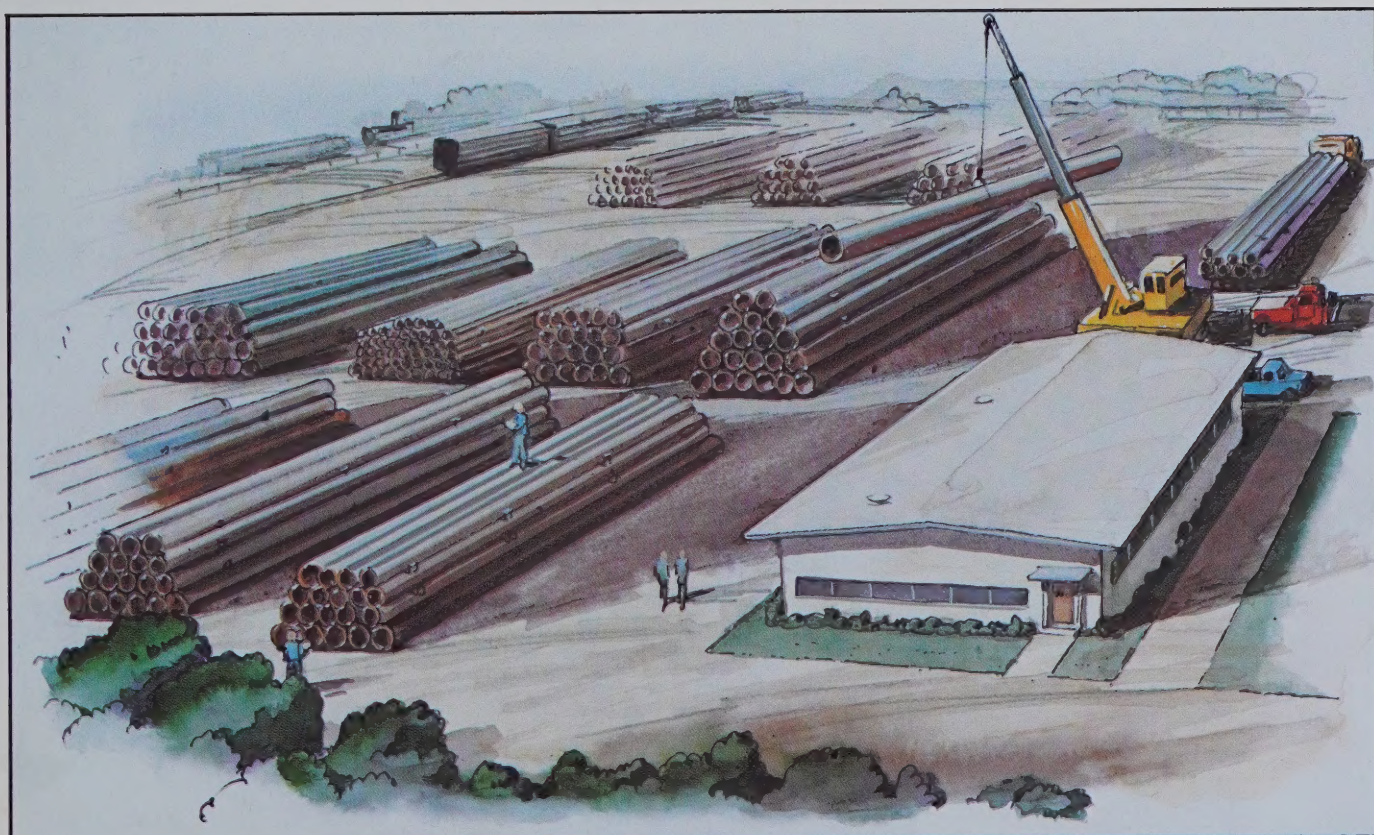
Although the markets served were generally soft, sales volumes and profit margin levels were maintained, and this product group was able to absorb the costs associated with the

expansion. This performance was aided by an increased ability to compete in the United States, as a result of the lower level of the Canadian dollar, and by lower production levels in many United States' mills. Business in Western Canada was also slightly ahead of our expectations, although activity was below previously high levels.

A revitalization of the construction industry in both Canada and the United States is anticipated in the latter part of 1981. This will place the tubular and structural products group of our Metals Products Division in an even better position to serve the requirements as a result of our expansion program.



Cappco Tubular Products Limited—Hamilton, Ontario



An architectural rendering of Cappco's planned fifteen acre pipe facility in Smithville, Ontario

Food Division

A fast growing segment of the Intermetco group is the Food Division and it consists of:

David Ashley And Company Limited

This company imports and distributes internationally known specialty and ethnic foods and beverages.

Ashley enjoyed a year of good market growth and maintained the profit levels of the previous year. This was achieved despite severe foreign currency exchange movements which impacted on the price of its imported products, which comprise the bulk of its merchandise. Sales volume increased by approximately 25%. As previously mentioned, further growth is anticipated in Western Canada, with the opening of our distribution centre in Burnaby, British Columbia, and with an anticipated acquisition.



David Ashley And Company Limited—
Toronto, Ontario

C. & J. Willenborg, Inc.

Ashley's counterpart in the United States, C. & J. Willenborg, Inc. established new levels of sales volume and profits. They are increasing their share of an expanding market through improved storage and distribution capabilities. With a changing consumer attitude towards home entertaining, and, specifically, the purchase of specialty food items, continued growth is expected. As an established full service specialty food distributor, Willenborg will further broaden its product lines to meet its customers' demands and expects to add natural foods to its quality line of products.



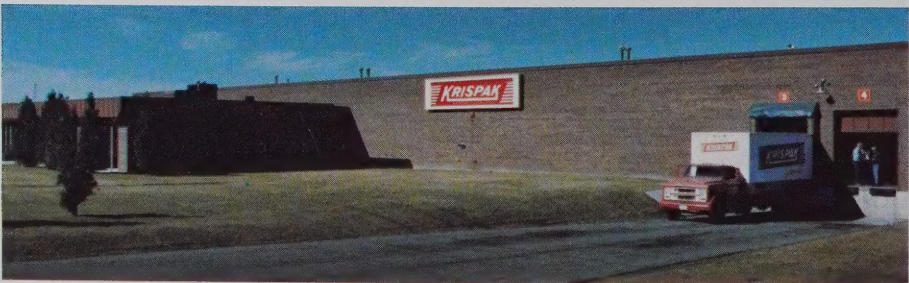
C. & J. Willenborg, Inc.—
Ramsey, New Jersey

Krispak Limited

Krispak produced and sold record quantities of its products in 1980. It is now one of the largest processors of dried sunflower seeds in North America, and has a pre-eminent position in Canada as a supplier to the vending industry. Krispak is also a major supplier of nuts to several of the largest snack food companies in Canada.

Western Bird's Hill Creamery Limited

This is the new company formed from the merger of the Western Creamery Company Limited and Bird's Hill Dairy Products Limited. The former companies are now divisions of the merged company and they will continue to manufacture and market their own products, while benefiting from combined administration. The high quality sour cream, cream cheese and pressed cottage cheese products of the two divisions are distributed throughout southern Ontario. Sales and profits in 1980 were at satisfactory levels.



Krispak Limited—
Toronto, Ontario



Western Bird's Hill Creamery Limited—
Toronto, Ontario

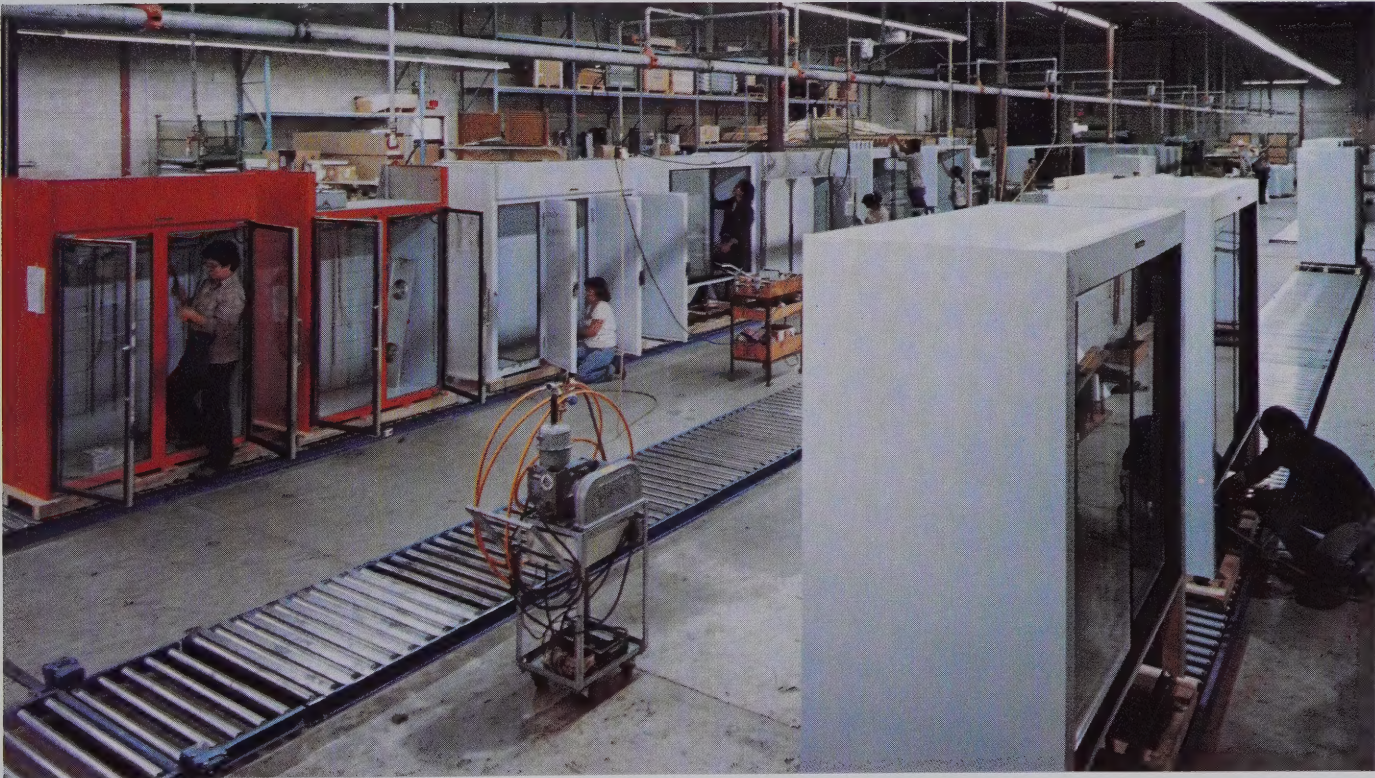
Commercial Refrigeration Division



With a diversified product line, including refrigerated display cases for a wide range of applications, walk-in coolers and freezers and steel shelving, General Refrigeration of Canada Limited offers a broad range of Canadian designed and manufactured commercial refrigeration equipment.

In order to better serve its markets, General has expanded its manufacturing and warehousing capacity. The division is now in a position to fulfill customer requirements more efficiently for both refrigeration products and shelving, and will be striving for an increased market share and improved earnings in a very competitive market.

An example of one of General Refrigeration's steel shelving installations



New assembly-line manufacturing at General Refrigeration

Intermetco Limited

Consolidated Balance Sheet

as at October 31, 1980

(in thousands of dollars)

	1980	1979
Assets		
Current Assets		
Cash	745	955
Accounts receivable (Note 2)	30,329	26,676
Loans receivable	282	112
Inventories	26,820	25,858
Income taxes recoverable	317	—
Deferred income taxes	399	155
Prepaid expenses	1,396	940
	60,288	54,696
Fixed Assets (Note 3)	22,975	17,779
Other Assets		
Goodwill	4,473	4,677
Sundry	1,203	966
	5,676	5,643
	88,939	78,118

SIGNED ON BEHALF OF THE BOARD

M E Goldblatt
M. E. Goldblatt
Director

Cyril Hollingshead
Cyril Hollingshead, Q.C.
Director

	1980	1979
Liabilities		
Current Liabilities		
Bank advances (Note 2)	24,664	17,599
Accounts payable and accrued liabilities	19,446	19,622
Notes payable	102	—
Income taxes payable	—	1,128
Current portion of long-term debt (Note 4)	1,342	1,657
	45,554	40,006
Long-term debt (Note 4)	15,922	11,512
Deferred income taxes	2,866	2,403
Minority interest in subsidiary companies	91	58
	64,433	53,979
Shareholders' Equity		
Capital stock (Notes 4 and 5)		
Authorized 3,000,000 Shares of no par value		
Issued and fully paid 1,553,636 Shares	4,900	4,816
Retained earnings	18,824	18,528
Contributed surplus	51	51
Excess of appraised values of land and buildings over depreciated cost	731	744
	24,506	24,139
	88,939	78,118

Intermetco Limited

Consolidated Statement of Retained Earnings

for the year ended October 31, 1980

(in thousands of dollars)

	1980	1979
Balance—beginning of year	18,528	14,503
Net earnings for the year	1,212	4,944
Appraisal increase realized from sale of asset	13	—
	19,753	19,447
Dividends paid	929	919
Balance—end of year	18,824	18,528

Intermetco Limited
Consolidated Statement of Earnings
for the year ended October 31, 1980
(in thousands of dollars)

	1980	1979
Sales	206,455	195,205
Cost of sales and operating expenses before the undernoted items	196,663	182,404
Depreciation	2,512	2,460
Interest on long-term debt	1,453	999
Other interest	2,711	1,467
Amortization of goodwill	204	187
Income from sale of real estate	(113)	—
	203,430	187,517
Earnings before the following	3,025	7,688
Provision for income taxes		
Current	1,641	2,924
Deferred	136	506
	1,777	3,430
Earnings before minority interest and extraordinary item	1,248	4,258
Minority interest	(36)	(62)
Earnings before extraordinary item	1,212	4,196
Extraordinary item		
Profit on disposal of a division net of income taxes of \$176,000	—	748
Net earnings for the year (Note 8)	1,212	4,944

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Intermetco Limited as at October 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Intermetco Limited, and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and

accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiary companies and joint ventures.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1980

and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Ontario
January 23, 1981

Coopers & Lybrand
CHARTERED ACCOUNTANTS

Intermetco Limited
Consolidated Statement of Changes in Financial Position
for the year ended October 31, 1980
(in thousands of dollars)

	1980	1979
Source of working capital		
Provided from operations	4,226	8,095
Increase in long-term debt	5,702	6,523
Proceeds on sales of fixed assets	354	832
Proceeds on issue of common shares	84	338
Proceeds on sale of a division	—	949
Gain on disposal of a division	—	(924)
	10,366	15,813
Use of working capital		
Purchase of fixed assets	7,861	8,339
Dividends	929	919
Payments on long-term debt	1,247	1,585
Increase in sundry assets	237	187
Acquisition of subsidiary companies	—	1,008
Debentures converted to capital stock	45	243
Dividends paid by subsidiary companies to minority interests	2	—
Minority interest acquired	—	140
	10,321	12,421
Increase in working capital	45	3,392
Working capital—beginning of year	14,689	11,297
Working capital—end of year	14,734	14,689

Intermetco Limited

Notes to Consolidated Financial Statements

for the year ended October 31, 1980

1. Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the company, all domestic and foreign subsidiary companies, and all incorporated and unincorporated joint ventures to the extent of the company's interest in their respective assets, liabilities, revenues and expenses.

The assets and liabilities of subsidiary companies acquired prior to April 1, 1974 are included at their recorded values in the subsidiary companies' accounts and the excess of cost of shares over net book value at the date of acquisition is included in goodwill. The assets and liabilities of subsidiary companies acquired after March 31, 1974 are included at their assigned values. Any excess of the cost of shares over assigned values is included in goodwill.

(b) Inventories

The majority of ferrous secondary metals are valued using the base stock method whereby the lower of the quantity of materials established as a base inventory and those at October 31, 1980 are valued at the lower of the cost prevailing at November 1, 1972 and the most recent moving average cost or market. Quantities in excess of the base levels and all other metals inventories are valued at the lower of the most recent moving average cost or market. Market has been determined as net realizable value less normal profit margin, or as replacement cost. All other inventories are valued at the lower of cost, determined on a first-in, first-out basis or replacement cost.

(c) Fixed Assets and Depreciation

Property, buildings and machinery and equipment are stated at cost with the exception of certain property and buildings which are stated at appraised values. Expenditures for additions and expenditures which substantially increase the useful life of existing fixed assets are capitalized. Maintenance and repairs, including the cost of replacing parts of machinery and equipment which do not extend the useful life, are charged to earnings. When assets are sold their cost, or appraised value as the case may be, and accumulated depreciation or amortization are removed from the accounts and any gain or loss resulting from their disposal is included in income.

Depreciation is charged against income using either the diminishing balance or straight line methods in amounts sufficient to amortize the cost of fixed assets over their estimated useful lives.

(d) Goodwill

The difference between the cost and book value of investments acquired before April 1, 1974 of \$1,685,780 and the difference between the cost and assigned value of the purchases made after April 1, 1974 of \$3,305,866 are being amortized on a straight line basis over a period of forty years.

(e) Foreign Exchange

Monetary assets and liabilities are translated into Canadian dollars at October 31, 1980 exchange rates and non-monetary assets and liabilities at the exchange rates prevailing when the assets were acquired or liabilities incurred. Sales and expenses, with the exception of depreciation and amortization of fixed assets and amortization of goodwill are translated at the average monthly rate of exchange. Depreciation and amortization are translated at the rates used in the translation of the relevant asset accounts. Translation gains and losses are included in determining net earnings in the year in which the exchange rate changes.

(f) Income Taxes

The company uses the deferral method of income tax allocation. Income taxes are provided at current rates for all items included in the statement of earnings regardless of the period when such items are reported for income tax purposes. No adjustment is made to deferred income taxes for subsequent changes in income tax rates.

Intermetco Limited
Notes to Consolidated Financial Statements (cont'd)
for the year ended October 31, 1980

2. Bank Advances Bank advances are secured by a general assignment of book debts.

3. Fixed Assets	1980		1979	
	Cost or Appraised Value	Accumulated Depreciation	Net	Net
	(thousands of dollars)			
Land—at appraised value	418	—	418	464
Land—at cost	1,968	—	1,968	1,631
	2,386	—	2,386	2,095
Buildings—at appraised value	1,407	778	629	753
Buildings—at cost	3,789	1,078	2,711	2,311
Machinery and equipment—at cost	26,063	12,892	13,171	11,874
Construction in process	4,078	—	4,078	746
	37,723	14,748	22,975	17,779

Fixed assets under construction at the end of the period are shown as construction in process. Total cost of this project is estimated at \$5,100,000. The project is being financed by a long-term bank loan. Until the project is completed, related interest costs (1980—\$260,000) are capitalized and included as part of the cost of the project.

4. Long-term Debt	Note Below	1980	1979
		(thousands of dollars)	
Revolving term bank loans payable through 1986 with interest at ¼% to ¾% above prime rate	I	6,300	3,934
Revolving term bank loan payable through 1987, with interest at ¼% above prime rate	II	3,522	484
Revolving term bank loan (U.S. \$1,600,000) payable through 1984 with interest at ¼% above U.S. prime rate	III	1,892	1,898
Term bank loans payable through 1985, with interest at 1¼% to 1½% above prime rate	IV	1,126	1,433
Industrial Development Revenue Bonds (U.S. \$1,479,167) payable through 1986 with interest at 125% of U.S. prime bank rate to a maximum of 18%	V	1,734	2,015
Note payable through 1982 with interest at ½% above prime rate	VI	600	800
Notes and other unsecured loans, maturing at various dates, with interest at rates up to ½% above prime rate		1,106	1,708
Mortgages payable through 1985, weighted average interest rate 10.07% (1979—8.47%)	VII	498	366
7½% Convertible Sinking Fund Debentures Series A	VIII	486	531
		17,264	13,169
Less: Due within one year		1,342	1,657
		15,922	11,512

Intermetco Limited
Notes to Consolidated Financial Statements (cont'd)
for the year ended October 31, 1980

- 4. Long-term Debt (cont'd)**
- I Secured by specific machinery and equipment.
 - II Secured by a fixed and floating charge on the assets, excluding accounts receivable, of a subsidiary. A further \$1,578,000 will be drawn on the facility during 1981.
 - III No specific security.
 - IV Secured by a first floating charge on the fixed assets of a joint venture company and a floating charge on the assets of a subsidiary company.
 - V Secured by land, buildings and equipment owned by a U.S. subsidiary company.
 - VI Secured by the shares of a subsidiary company held in escrow.
 - VII Secured by specific land and buildings.
 - VIII Secured by a first floating charge on all assets of the company subject to prior security on mortgages and bank borrowings.

The debentures are redeemable at 102% of the principal to May 1, 1980, reducing one-half of one percent in each year thereafter. Each \$1,000 of debenture principal can be converted into one hundred fully paid shares at the holders option at any time until April 28, 1984 or on the third business day immediately preceding the date fixed for redemption, whichever is the earlier.

The debentures have been reduced by purchases for cancellation to date of \$723,000 (1979 – \$723,000) and debentures converted to capital stock to date of \$291,000 (1979 – \$246,000). Sinking fund requirements to date have been met.

The aggregate amount of payments required in each of the next five years to meet repayment provisions is as follows:

	(thousands of dollars)
Year ending October 31, 1981	1,342
1982	1,755
1983	1,714
1984	3,753
1985	3,253
	11,817

5. Stock Options	Outstanding options have been granted to senior employees of the company for the purchase of shares.		
	Number of Shares Subject to Option	Exercise Price Per Share	Option Expiry Date
		\$	
	1,500	5.65	July 1, 1982
	10,000	6.45	January 31, 1983
	10,000	12.50	March 31, 1984
	35,000	13.50	July 31, 1984
	During the year, options on 7,100 shares were exercised, at a price of \$5.40 per share for 6,600 shares and \$5.65 per share for 500 shares.		

6. Long-term Lease Commitments	Obligations under leases to pay aggregate minimum annual rentals are as follows:	
		(thousands of dollars)
	1981	1,248
	1982	1,220
	1983	1,138
	1984	1,063
	1985	841

Intermetco Limited

Notes to Consolidated Financial Statements (cont'd)

for the year ended October 31, 1980

7. Pension Plan	The amount of past service costs remaining to be charged to future operations is approximately \$707,000. Based on actuarial advice, this liability will be funded and charged to earnings as follows:	
	(thousands of dollars)	
	1981	97
	1982-1988	81
	1989-1994	38

8. Earnings per Share	1980	1979
Basic	\$	\$
Earnings before extraordinary item	.78	2.74
Net earnings for the year	.78	3.23
Fully diluted		
Earnings before extraordinary item	.77	2.58
Net earnings for the year	.77	3.07

Basic earnings per share have been calculated using the weighted average number of shares outstanding during the year.

Fully diluted earnings per share show the effect on earnings per share which would result if the convertible sinking fund debentures outstanding at the end of the year had all been converted into shares at the beginning of the year and if stock options were exercised. Net income used in determining fully diluted earnings per share reflects the after tax savings on interest on the debentures assumed to be converted.

9. Income Taxes	Subsidiary companies have accumulated losses for tax purposes of U.S. \$1,529,000 and Canadian \$752,000 respectively which may be carried forward and used to reduce taxable income in future years. These losses may be utilized no later than:	
	U.S.	Canadian
	(thousands of dollars)	
Year ending October 31, 1981		66
1982		116
1983	38	
1984	122	371
1985	266	199
1986	723	
1987	380	
	1,529	752

10. Subsequent Event	Effective November 1, 1980 a subsidiary of the company formed a partnership with a customer. The partnership then acquired the land and all operating assets of the subsidiary for cash of U.S. \$4,600,000. The partnership financed this acquisition using partners' capital of U.S. \$500,000 each and long-term borrowing.
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Intermetco Limited
Notes to Consolidated Financial Statements (cont'd)
for the year ended October 31, 1980

**11. Segmented
Information**

Industry Segments

The company operates in essentially three industry segments. The metals products segment consists of processing and sale of scrap metals and sale of tubular and structural steel products. The food segment is involved in processing and distributing dairy and food products. Other consists of the production and sale of commercial refrigeration equipment, a realty operation and a waste disposal operation. Inter-segment sales are accounted for at prices comparable to market prices for similar products at the transaction dates.

Business Segments	Metals Products	
	1980	1979
(thousands of dollars)		
Sales to customers outside the company	162,972	156,217
Inter-segment sales	43,209	27,025
Total Revenue	206,181	183,242
Segment Operating Profit	4,566	7,481
Interest expense	—	—
Income taxes	—	—
Minority interest in earnings of subsidiaries	—	—
Extraordinary gain	—	—
Goodwill amortization	—	—
Identifiable Assets	77,271	85,079
Capital Expenditure	6,920	7,625
Depreciation and Amortization	2,076	2,043

Geographic Segments	Canada	
	1980	1979
(thousands of dollars)		
Sales to customers outside the enterprise	176,603	176,429
Transfers between geographic segments	2,604	419
Total Revenue	179,207	176,848
Segment Operating Profit	6,959	10,022
Interest expense	—	—
Income taxes	—	—
Minority interest in earnings of subsidiaries	—	—
Extraordinary gain	—	—
Goodwill amortization	—	—
Identifiable Assets	70,292	61,516
Capital Expenditure	7,155	7,702
Depreciation and Amortization	2,142	2,201

Note: Canadian operations include export sales of \$52,218,000 (1979—\$42,087,000) primarily to customers in the United States and Europe.

Food		Other		Eliminations		Total	
1980	1979	1980	1979	1980	1979	1980	1979
34,958	30,646	8,525	8,342	—	—	206,455	195,205
71	52	—	—	(43,280)	(27,077)	—	—
35,029	30,698	8,525	8,342	(43,280)	(27,077)	206,455	195,205
2,270	1,862	557	998	—	—	7,393	10,341
—	—	—	—	—	—	(4,164)	(2,466)
—	—	—	—	—	—	(1,777)	(3,430)
—	—	—	—	—	—	(36)	(62)
—	—	—	—	—	—	—	748
—	—	—	—	—	—	(204)	(187)
—	—	—	—	—	—	1,212	4,944
14,558	13,144	8,735	5,153	(11,625)	(25,258)	88,939	78,118
463	347	478	367	—	—	—	—
194	130	242	287	—	—	—	—

United States		Eliminations		Total	
1980	1979	1980	1979	1980	1979
29,852	18,776	—	—	206,455	195,205
11,662	5,274	(14,266)	(5,693)	—	—
41,514	24,050	(14,266)	(5,693)	206,455	195,205
434	319	—	—	7,393	10,341
—	—	—	—	(4,164)	(2,466)
—	—	—	—	(1,777)	(3,430)
—	—	—	—	(36)	(62)
—	—	—	—	—	748
—	—	—	—	(204)	(187)
—	—	—	—	1,212	4,944
38,253	16,996	(19,606)	(394)	88,939	78,118
706	637	—	—	—	—
370	259	—	—	—	—

Intermetco Limited

Statistical Summary

(fully consolidated basis— amounts in thousands, except per share statistics)

Sales, earnings and dividends	1980	1979	1978	1977
Sales	\$206,455	\$195,205	\$117,553	\$67,083
Cost of sales	\$199,578	\$184,058	\$110,052	\$61,453
Depreciation	\$ 2,512	\$ 2,460	\$ 1,894	\$ 1,666
Interest on long-term debt	\$ 1,453	\$ 999	\$ 661	\$ 593
Income from sale of real estate	\$ (113)	—	\$ (289)	—
Minority interest	\$ 36	\$ 62	\$ 25	—
Income taxes	\$ 1,777	\$ 3,430	\$ 2,187	\$ 1,300
Net Earnings (Note 1)	\$ 1,212	\$ 4,196	\$ 3,023	\$ 2,051
Net Earnings per share (Note 1)	\$.78	\$ 2.74	\$ 2.02	\$ 1.43
Dividends paid per share	\$.60	\$.60	\$.40	\$.40
Other financial data				
Current assets	\$ 60,288	\$ 54,696	\$ 40,639	\$18,515
Current liabilities	\$ 45,554	\$ 40,006	\$ 29,342	\$ 9,488
Working capital	\$ 14,734	\$ 14,689	\$ 11,297	\$ 9,027
Capital expenditures during year	\$ 7,861	\$ 8,339	\$ 2,262	\$ 2,057
Net property and plant	\$ 22,975	\$ 17,779	\$ 12,665	\$12,719
Total assets	\$ 88,939	\$ 78,118	\$ 57,964	\$33,177
Long-term debt	\$ 15,922	\$ 11,512	\$ 6,816	\$ 4,923
Shareholders' equity	\$ 24,506	\$ 24,139	\$ 19,776	\$16,974
Number of shares outstanding	1,554	1,542	1,500	1,443
Shareholders' equity per share	\$ 15.77	\$ 15.65	\$ 13.19	\$ 11.76

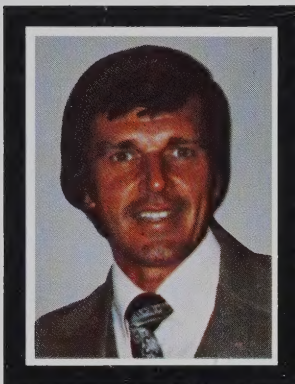
NOTE 1: Net earnings and net earnings per share are presented before an extraordinary gain of \$748,000 or 49¢ per share in 1979.

1976	1975	1974	1973	1972	1971
\$76,681	\$87,127	\$107,398	\$47,024	\$31,997	\$29,319
\$71,627	\$79,863	\$ 97,492	\$44,541	\$30,224	\$28,069
\$ 1,520	\$ 1,270	\$ 1,139	\$ 770	\$ 642	\$ 634
\$ 584	\$ 438	\$ 421	\$ 297	\$ 247	\$ 274
\$ (108)	\$ (379)	\$ (66)	\$ (55)	\$ (66)	—
—	—	—	—	—	—
\$ 1,138	\$ 2,613	\$ 4,186	\$ 686	\$ 427	\$ 57
\$ 1,920	\$ 3,322	\$ 4,226	\$ 785	\$ 523	\$ 285
\$ 1.34	\$ 2.34	\$ 2.99	\$.56	\$.37	\$.20
\$.40	\$.30	\$.25	—	—	—
\$17,710	\$17,688	\$ 24,615	\$12,150	\$ 8,807	\$ 7,462
\$ 9,797	\$10,834	\$ 20,249	\$10,237	\$ 6,462	\$ 5,557
\$ 7,913	\$ 6,854	\$ 4,366	\$ 1,913	\$ 2,345	\$ 1,905
\$ 4,048	\$ 2,129	\$ 2,124	\$ 2,763	\$ 661	\$ 446
\$13,219	\$11,264	\$ 9,247	\$ 7,856	\$ 6,384	\$ 6,585
\$33,083	\$31,146	\$ 36,734	\$21,943	\$16,802	\$15,557
\$ 6,151	\$ 4,855	\$ 4,450	\$ 3,717	\$ 3,263	\$ 3,432
\$15,476	\$14,118	\$ 11,077	\$ 7,298	\$ 6,509	\$ 5,996
1,438	1,435	1,412	1,410	1,409	1,409
\$ 10.76	\$ 9.84	\$ 7.84	\$ 5.18	\$ 4.62	\$ 4.26

Intermetco Group of Companies

Principal Subsidiaries, Divisions and Associates
(percentage of ownership in brackets)

	Canadian	U.S.
Metals Products Division – Recycling Products Group	<ul style="list-style-type: none"> • International Iron & Metal Company – Hamilton (100%) • Compressed Metals Limited – Toronto (100%) • Fers et Metaux Recyclés Ltée. – La Prairie, Quebec (50%) • Ferrobec Ltée. – Montreal (50%) • Fercyco Inc. – London (50%) • Coretal Inc. – Quebec City (85%) • J. Kovinsky & Sons Limited – Windsor (25%) 	<ul style="list-style-type: none"> • Intermetal U.S., Inc. – Buffalo, New York (100%) • Intermetco U.S., Inc. – Detroit, Michigan (100%)
Tubular and Structural Products Group	<ul style="list-style-type: none"> • Cappco Tubular Products Limited – Hamilton (100%) 	<ul style="list-style-type: none"> • C & R Pipe And Steel Corporation – Spokane, Washington (50%) • Petroleum Pipe And Fittings Corporation – Spokane, Washington (25.5%)
Food Division	<ul style="list-style-type: none"> • David Ashley And Company Limited – Toronto, Montreal (100%) • Krispak Limited – Toronto (100%) • Western Bird's Hill Creamery Ltd. – Toronto (100%) 	<ul style="list-style-type: none"> • C. & J. Willenborg, Inc. – Ramsey, New Jersey (90%)
Commercial Refrigeration Division	<ul style="list-style-type: none"> • General Refrigeration of Canada Limited – Toronto (100%) 	
	Head Office Intermetco Limited P.O. Box 70, Hamilton, Ontario, Canada L8N 3B4	



**Douglas L. Warner, C.A.
(1940-1980)**

We sincerely regret the untimely passing of Mr. Doug Warner on August 30th, 1980. Since 1964, Mr. Warner held various key positions within Intermetco and during his sixteen year tenure contributed to the growth and shaping of our Company as Chief Accountant and Secretary-Treasurer.

